



May 27, 2011

Karen Ross, Secretary  
California Department of Food and Agriculture  
1220 N Street  
Sacramento, CA 95814

Dear Secretary Ross:

I am writing in response to a letter sent to you by Western United Dairymen, expressing concern over the compressed schedule announced for the upcoming Department hearing to consider changes in the Class 4a and 4b pricing formulas. Dairy Institute shares that concern.

The complicated nature of the petitions and the formulas they propose to amend will require careful analysis and preparation. The alternative proposals being considered by other dairy organizations and companies will require the same deliberate examination and response.

We do wonder whether there exists a heightened urgency that would indicate the need for a compressed schedule. The changes in the pricing formula sought by the hearing petitioner are driven by cost data that has been available since November 2010. Updated cost data, which may indicate different cost structures, is expected to be available in mid-October 2011. And a decision from a June 30-July 1 hearing would likely take effect September 1, a mere six weeks prior to the release of new cost data.

We realize that it has been several years since the last Class 4a and 4b hearing. But moving in haste when neither the urgency nor the calendar seems to warrant, does little to advance the best interest of the California dairy industry long-term.

Dairy Institute joins with Western United Dairymen in respectfully requesting a fifteen day extension of the established hearing schedule for the reasons stated above.

Sincerely,

Rachel Kaldor  
Executive Director

CC: Sandra Schubert, Undersecretary  
Kevin Masuhara, Division Chief, Marketing  
Candace Gates, Branch Chief, Dairy Marketing  
Kevin Abernathy, California Dairy Campaign  
Richard Cotta, California Dairies, Inc.  
Pete Garbani, Land O'Lakes  
Michael Marsh, Western United Dairymen  
William Van Dam, Alliance of Western Milk Producers  
Robert Vandenheuvel, Milk Producers Council  
Glenn Wallace, Dairy Farmers of American